

Message Text

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PAGE 01 STATE 162934

62
ORIGIN L-03

INFO OCT-01 NEA-10 ADP-00 EB-11 TRSE-00 ABF-01 AID-20

PM-07 NSC-10 SS-15 RSC-01 CIAE-00 INR-10 NSAE-00

PRS-01 DODE-00 OMB-01 IGA-02 COME-00 SSO-00 NSCE-00

INRE-00 /093 R

DRAFTED BY L/NEA:ATBROWN

8/16/73: X29501

APPROVED BY EB:WCARMSTRONG

EB/IFD/OIA:MKENNEDY

NEA/INS:DWBORN

TREASURY:REHINDLE

TREASURY:HHAPPEL

M/RFM/FM:JEMANION (INFO)

AID/ASIA/SA:SWFORD (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

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FOR AMBASSADOR FROM ASSISTANT SECRETARY ARMSTRONG

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: INDIAN SURPLUS PROPERTY ACCOUNT

REF: A. STATE 159404

 B. NEW DELHI 9485

1. APPRECIATE YOUR AFFIRMATIVE RESPONSE TO PROPOSAL

REF A CONCERNING SETTLEMENT OF INDIAN SURPLUS PROPERTY

ACCOUNT. WE CANNOT AUTHORIZE FORMAL NEGOTIATION OF AN

AGREEMENT ON THIS SUBJECT UNTIL COMPLETION OF CIRCULAR 175

PROCEDURES WHICH NOW BEING INITIATED. CIRCULAR 175

AUTHORITY SHOULD BE AVAILABLE WITHIN ONE WEEK. HOWEVER,

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PAGE 02 STATE 162934

WE AGREE YOU SHOULD RAISE THIS ISSUE NOW, POINTING OUT

YOU ARE AWAITING DETAILED INSTRUCTIONS.

2. THE SURPLUS PROPERTY ACCOUNT ARISES UNDER THE MUTUAL AID SETTLEMENT AGREEMENT BETWEEN THE UNITED STATES AND INDIA OF MAY 16, 1946. THAT AGREEMENT PREVIDES FOR PAYMENTS TO THE UNITED STATES IN RUPEES OF AN AMOUNT EQUAL TO ONE HALF OF EXCESS PROPERTY PROCEEDS OVER THE RUPEE EQUIVALENT OF 50 MILLION DOLS "AT THE RATE OF EXCHANGE BETWEEN RUPEES AND DOLLARS NOW IN EFFECT." PARA 7 (E). THUS, ALTHOUGH A 1946 CONVERSION RATE IS INVOLVED IN CALCULATING THE AMOUNT WE CONSIDER OWED THE UNITED STATES,

THE CLAIM ITSELF IS IN RUPEES. AS WORK HERE HAS DEVELOPED THE EXACT AMOUNT OF THE SURPLUS PROPERTY CLAIM HAS BECOME UNCLEAR; IT APPEARS TO BE APPROX. 20 MILLION RUPEES. WE WILL CLEAR THIS UP SHORTLY.

3. THE OPTIMUM RESULT OF YOUR NEGOTIATIONS ON THIS SURPLUS PROPERTY ACCOUNT WOULD BE AN ADDITION OF FURTHER RUPEES TO THE UNITED STATES RUPEE ACCOUNT RESULTING FROM YOUR PRESENT NEGOTIATIONS. HOWEVER, THE PROPOSED FRAMEWORK FOR SETTLEMENT OF THE LARGE RUPEE DEBT SHOULD PROVIDE A MEANS FOR FLEXIBILITY IN THE SURPLUS PROPERTY NEGOTIATIONS BY PERMITTING, IF NECESSARY, ADJUSTMENTS IN THE AMOUNTS RETAINED BY THE UNITED STATES AND THE AMOUNT TO BE GRANTED TO INDIA UNDER PL 480. THUS THE PARENTHETICAL PHRASE IN NEXT TO LAST SENTENCE PARAGRAPH 6, REF. A.

4. WE BELIEVE SETTLEMENT OF THE SURPLUS PROPERTY ACCOUNT SHOULD BE EVIDENCED IN A SEPARATE DOCUMENT FROM THAT RESULTING FROM THE RUPEE NEGOTIATIONS. THE PRECISE FORM OF DOCUMENTATION WILL BE SPECIFIED IN THE CIRCULAR 175 AUTHORITY. ROGERS

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